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STATE TREASURER
DENISE L. NAPPIER**

NEWS

FOR IMMEDIATE RELEASE

Friday, October 14, 2005

Connecticut Statewide "Don't Borrow Trouble^(SM)" Campaign to Prevent Predatory Lending Launched

*Treasurer Nappier, Attorney General Blumenthal Among State Leaders
Encouraging Consumers to Call Infoline for Advice*

HARTFORD -- At a State Capitol press conference, a coalition of 63 private and public organizations including Freddie Mac, the Connecticut Fair Housing Center, the State Treasurer's Office and the Attorney General's Office launched a major public education campaign aimed at preventing predatory lending throughout Connecticut.

The new campaign will utilize Connecticut's 2-1-1 Infoline. Callers will be referred to trained professionals who can offer free legal advice for purchasing a home, refinancing, consolidating debt, taking out a home-equity loan, and mortgage foreclosure prevention, as well as be referred to appropriate legal or financial experts.

The Connecticut Don't Borrow Trouble^(SM) campaign, in Spanish and English, utilizes brochures, the <http://www.dontborrowtrouble.com/> website, transit posters, billboards, and radio public service announcements to educate consumers who are most vulnerable to predatory lending -- the elderly, minorities and low- to moderate-income individuals. By combining advertising and face-to-face consumer education and housing counseling, the campaign helps consumers avoid abusive lending practices, such as exorbitant interest rates, excessive fees and pressuring tactics.

The campaign encourages consumers to call the Don't Borrow Trouble help line at 2-1-1. It is hoped that individuals will use these resources for advice before they get into financial difficulty when purchasing a home, refinancing, consolidating debt, or taking out a home equity loan. The help line is also a resource for those who find themselves currently in trouble with foreclosure.

Denise Nappier, Connecticut State Treasurer, said, "Understanding the 'rules of the road' and the potential hazards when making credit decisions, and developing the fundamental skills of personal financial management, have never been more important. Access to fair credit at reasonable terms is an absolutely essential building block to economic self sufficiency, and one of the best ways to ensure fairness and equal treatment is with knowledge."

Predatory lending practices strip equity away from homeowners. A few examples are repeatedly refinancing a loan within a short period of time and charging high points and fees with each refinance; packing a loan with single premium credit insurance products like credit life insurance, and not adequately disclosing the inclusion, cost or any additional fees associated with the insurance; or charging excessive rates and fees to a borrower who qualifies for lower rates and fees.

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"I commend the sponsors of Connecticut's Don't Borrow Trouble campaign for their efforts to attack the problem of predatory lending, which has devastated so many low-income families and elderly citizens," said Sen. Joseph Lieberman (D-CT). "While I believe the federal government must address abusive lending practices nationally through effective legislation and regulation, there is also a need for individual, state-led efforts. This Connecticut educational program, jointly backed by state agencies and the private and non-profit sectors, will be very effective in educating people about the warning signs of predatory lending."

"This statewide program will enable Connecticut consumers to borrow smart and avoid the trouble of predatory lending," Connecticut Attorney General Richard Blumenthal said. "The key ingredient is information -- offered by telephone, brochures and face-to-face counseling. Our actions in court against Waterbury area predatory lenders send a message that we are determined to fight these unconscionable practices that threaten to turn the American dream of homeownership into a nightmare. The victims are commonly lower income, first-time homebuyers and non-English speakers, who are most vulnerable to abusive fees, exorbitant interest rates and high pressure sales techniques."

"Purchasing a home is complicated enough without having to deal with unscrupulous lenders," said Congresswoman Rosa L. DeLauro (D-CT). "Predatory lenders thrive on taking advantage of some of the most vulnerable in society, but through a targeted public education campaign, The Connecticut Don't Borrow Trouble initiative will greatly reduce predatory lending, warning all Connecticut residents of the damage this practice can cause."

"Predatory lending practices attack the heart of our communities. These practices can strip away home equity and trap unwary borrowers in a dismal cycle that ultimately replaces homeownership with foreclosure," said Craig Nickerson, vice president of Expanding Markets for Freddie Mac. "Don't Borrow Trouble is a proven method to help stop predatory lending and to keep families in their homes, build wealth and strengthen communities. These organizations should be commended for banding together and combining their resources to educate consumers on the perils of predatory lending practices."

Additional organizations participating in this campaign include: Department of Banking, Department of Consumer Protection, Connecticut Housing Finance Authority and Connecticut Association of Realtors(R). In addition, participating housing Counseling agencies throughout the state include: Co - Opportunities, Inc., HERC, Inc., Mutual Housing of South Central Connecticut, Hill Development Corporation of New Haven, Neighborhood Housing Services of Waterbury, and NeighborWorks New Haven.

"Connecticut is fortunate to have so many public and private agencies focusing their efforts on preventing predatory lending," said Erin Kemple, executive director of the Connecticut Fair Housing Center. "The Bush administration has made its goal clear: increase minority homeownership by 5.5 million by the end of the decade. The Connecticut Don't Borrow Trouble campaign will ensure that those who are able to buy will not lose their homes to predatory or abusive lenders."

"The Department of Banking has been in forefront of the battle opposing predatory lending since 2001," said Connecticut Banking Commissioner John Burke. "At that time we drafted and sponsored state legislation to strengthen our laws against predatory lending and we continue to be vigilant of individuals who would attempt to prey upon the citizens of Connecticut. Please be vigilant in protecting home equity dollars and remember if a deal sounds too good to be true, it probably is."

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Edwin R. Rodriguez, Commissioner of the Connecticut Department of Consumer Protection, added, "I am committed to eliminating predatory lending. These abusive lending practices cause more than financial harm: they also deteriorate the individual's credit score profile that is now commonly used by employers, landlords, and others institutions to judge a person's character."

"The Connecticut Association of REALTORS(R) applauds the educational strategies being implemented through the Don't Borrow Trouble campaign that will help alleviate the growing problem of predatory lending," said Robert Fiorito, president, Connecticut Association of REALTORS(R), Inc. "Predatory practices hurt all citizens, especially low-income citizens and young families struggling to establish good credit. This program is a much-needed first step in helping people to discern between a good opportunity to obtain lending to purchase a home and a dangerous one. Successful homeownership is not only a goal for many but also a vital block in the building of our communities."

Pioneered in Boston by Mayor Thomas M. Menino and the Massachusetts Community and Banking Council, Freddie Mac is the principal sponsor of Don't Borrow Trouble's expansion throughout the United States. Freddie Mac has brought the campaign to 40 locations across the country, and has received more than 100,000 inquiries to the Campaign's help line.

Freddie Mac is a stockholder-owned company established by Congress in 1970 to support homeownership and rental housing. Freddie Mac fulfills its mission by purchasing residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-related securities and debt instruments in the capital markets. Over the years, Freddie Mac has made home possible for one in six homebuyers and nearly four million renters in America.

For additional information, check the website: <http://www.dontborrowtrouble.com/>

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